

01 Feb 2000

To: All ITSP BPA-Team Support Contractors; as well as User Program Office Prog. Mgrs.;
FAEs; PCOs; and Buyers

From: Steve Linchey (XPK); Corporate ITSP Contracting Officer

Subject: GSA/FSS IT Schedule Contract Economic Price Adjustment (EPA) Rate Increase
Which May Also Be Proposed for Incorporation Into ITSP BPA Task Orders

1. On this the first anniversary of the effective date of the first four orders awarded under the ITSP program as it transitioned from TEMS/SETA contract support to GSA/FSS IT support under the auspices of ESC's ITSP BPAs and Task Orders, I would like to clarify an item or two with regard to the "subject" topic. There apparently is still a little confusion out in the customer SPOs (and possibly among some ITSP vendors also) as to when negotiated EPA labor rate adjustments under the GSA/FSS Schedules might be applicable under ITSP orders, as I have had several questions posed to me on the subject.

2. The point of ITSP implementation of any such EPA rate increases from a support contractor's GSA/FSS Schedule is covered under paragraph "(D)" - "Pricing", found on page 4 of each BPA awarded under ITSP. To summarize an excerpt of its provisos, loaded labor rates associated with specific labor categories on a firm's BPA (website), or applicable "discounted" rates submitted in a prior proposal response to an RFQ resulting in a task order award, **that are in effect on the effective date of an order shall govern that order's basic performance period** (regardless of whether an EPA adjustment might be granted by GSA at some point during that performance period). With regard to any option year which may be later exercised, the proposed option year rates as incorporated into the original order award are potentially in effect until such time, if applicable, that the contractor has been authorized rate increases culminating from a negotiation under the EPA provision of their GSA/FSS Schedule. If such rates are approved and incorporated into their BPA **BEFORE the exercise of the option**, they would become applicable for billing purposes (during performance under the option period) on the effective date as provided in their GSA/FSS Schedule. If a contractor had proposed "estimated rates" (base year rates increased by an inflation factor) for out-years because they had no other negotiated GSA rates other than for a base year to bid, the Government will pay any option year expenditures incurred for the lower of the two prospective rates (inflated or EPA) for any given category.

3. I want to ensure that ITSP contractors aren't inadvertently increasing rates on monthly invoices "before their true effective date", as well as making sure that ESC SPO customers aren't accepting "mid performance period" increases because they might not have been aware that rates in effect at the beginning of a stated performance period remain in effect for the duration of that period.

4. Thank You for your attention to this matter. Questions with regard to the above may be addressed to the undersigned, or the ITSP Contracts Manager, Capt Mark Restad, at (781) 377-6980.

//signed//

Steven C. Linchey
Contracting Officer

Contracted Support Management

Steve.Linchey@hanscom.af.mil

Com: (781) 377-8859; DSN: 8-478-8859

Fax: (781) 377-7033; DSN: 8-478-7033